

AGENDA



Recommendation for Council Action

Austin City Council		Item ID	57819	Agenda Number	53.
Meeting Date:	5/19/2016		Department:	Telecommunications and Reg Affairs	
Subject					
Conduct a public hearing and consider an ordinance regarding ATMOS Energy Corporation's proposal to increase customers' gas rates.					
Amount and Source of Funding					
Fiscal Note					
Purchasing Language:					
Prior Council Action:	Set a Public Hearing granted on May 12, 2016.				
For More Information:	Rondella M. Hawkins, TARA Officer, 512-974-2422				
Council Committee, Boards and Commission Action:					
MBE / WBE:					
Related Items:					

Additional Backup Information

Under the Gas Utilities Regulatory Act (Chapters 101 through 105 of the Texas Utilities Code) (“GURA”), the City has original jurisdiction over gas utility rates set for customers within its city limits. Atmos has approximately 800 customers in the City of Austin. The City Charter requires Council to hold a public hearing prior to taking any action that affects rates of a natural gas franchise holder.

In March of this year, Atmos Energy Mid-Texas Division submitted its fourth application under the current Rate Review Mechanism (RRM) seeking a system-wide rate increase of \$35.4 million which equates to an increase of about 6.04%. The RRM, which was approved by City Council in 2013, establishes a process for reviewing Atmos’ cost of service on an annual basis in lieu of the Gas Reliability Infrastructure Program provided by state law which allows a gas utility to recover capital investments made during the interim period between formal rate case filings.

Austin is a member of the Atmos Texas Municipalities (ATM) coalition who collectively engage rate experts to review, advise and represent the coalition on Atmos’ rate increases. The rate experts reviewed the application and Atmos’ responses to requests for information and the Railroad Commission’s prior rulings. ATM and Atmos reached agreement on a \$29.9 million increase which represents an increase of about 5.5% in non-gas revenue and the impact on rates on an average customer’s bill would be as follows:

Customer Class	Current Bill	Proposed Bill	Difference	% Increase with Gas Cost	% Increase without Gas Cost
Residential	\$52.01	\$53.27	\$1.26	2.43%	5.05%
Commercial	\$267.17	\$270.98	\$3.81	1.43%	5.03%
Industrial	\$5,184.05	\$5,286.77	\$102.72	1.98%	5.41%
Transportation	\$3,666.82	\$3,769.54	\$102.72	2.80%	5.41%

Staff recommends approval of the proposed ordinance and attached tariffs.